

**MASSACHUSETTS:  
CAMPAIGN CONTRIBUTIONS AND LOBBYING EXPENSES  
OF THE TOBACCO INDUSTRY AND ITS ALLIES**

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## **ABOUT COMMON CAUSE EDUCATION FUND**

Established by Common Cause in February 2000 as a separately chartered (501)(c)(3) organization, the Common Cause Education Fund (CCEF) seeks to promote open, honest and accountable government through research, public education and innovative programs.

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## **EXECUTIVE SUMMARY**

Historically, Massachusetts has been one of the nation's most progressive states in tobacco prevention funding. The state's funding levels nose-dived, however, in fiscal year 2003. In a single year, tobacco prevention and cessation funding was cut by almost 90 percent due to emergency "9c cuts" by Acting Governor Jane Swift, dropping the state well below the U.S. Centers for Disease Control and Prevention's (CDC) minimum guidelines for tobacco prevention funding. From 2002 to 2003, funding of tobacco prevention and cessation programs declined from 136 percent to 14 percent of CDC's minimum guidelines. And whereas Massachusetts held the Campaign for Tobacco-Free Kids' top national ranking for tobacco prevention spending in January 2002, it dropped to number 38 in 2003.

As this report goes to press, the Massachusetts Legislature has accepted a budget that cuts next year's funding for tobacco prevention programs even further, to \$2.54 million – while diverting hundreds of millions of dollars in tobacco-generated revenue to other uses. Fiscal year 2004 is the second consecutive year in which funding for tobacco prevention programs has declined dramatically, while income from tobacco-generated sources has increased. Over \$800 million comes into Massachusetts annually through tobacco taxes and tobacco settlement funds. While it would take only 5 percent of that to fully fund a comprehensive tobacco control program, less than ½ of 1 percent of tobacco revenue is currently being invested to prevent youth smoking and help smokers stop smoking.

At the same time, the tobacco industry, its subsidiary companies, lobbyists, and trade associations related to tobacco interests have exerted influence at the state and national level by making campaign contributions to public office-holders and candidates. Since Massachusetts has

fairly strict campaign finance laws and few recorded votes on substantive issues, tobacco industry links to specific legislators are circumstantial. Nevertheless, from January 1, 1997 through December 30, 2002, tobacco lobbyists donated \$527,688 to candidates for elected office in Massachusetts, and groups allied with tobacco gave \$224,786 during the same period. From January 1, 1995 through December 30, 2002, tobacco companies spent \$5.3 million on lobbying in the Commonwealth, and tobacco allies spent an additional \$1.5 million on lobbying during the same period. Given the amount of money the tobacco industry and its allies have spent in the past few years and the precipitous decline in smoking prevention and tobacco control funding, one can reasonably conclude that tobacco interests are exerting their influence on the state's policy makers.

Smoking costs the state of Massachusetts roughly \$4.3 billion every year in health care costs and lost productivity – equivalent to 17 percent of the state's annual budget. Massachusetts' Medicaid program spends \$817 million every year treating people who suffer from smoking-caused illnesses. Each pack of cigarettes sold in Massachusetts costs a smoker an average of \$4.32, while costing Massachusetts' taxpayers \$12.52 in related health care expenses and lost productivity. None of these estimates, however, includes other costs associated with smoking such as secondhand smoke, smokeless tobacco, or cigar or pipe smoking. In short, tobacco use is draining millions from Massachusetts's taxpayers – most of whom don't smoke.

This Common Cause Education Fund report seeks to increase public awareness of the tobacco industry's political influence in Massachusetts by exposing the link between the lobbying of the tobacco industry and the concurrent weakening of support for meaningful tobacco control policies and program interventions.

## **INTRODUCTION**

Few people are aware of the degree to which tobacco companies invest money in lobbying to influence elected officials in Massachusetts. The use of tobacco products costs the Massachusetts economy billions of dollars every year in health care costs and lost productivity; yet elected officials have retreated from their resolve to curb smoking. Tobacco companies have made their case effectively on Beacon Hill by giving large campaign contributions to legislators who are willing to support their interests. Tobacco companies also employ many lobbyists to personally carry their message to the legislators who determine the fate of tobacco-related legislation. Many of these lobbyists are top-level power brokers with unparalleled access to legislative decision makers. Along with carrying the tobacco industry's message directly to lawmakers, these lobbyists spend thousands of dollars on campaign contributions annually.

A more subtle method used by the tobacco industry to increase its influence in the state involves partnering with subsidiary firms, such as Kraft Foods (owned by Philip Morris) and Miller Brewing (partly owned by Philip Morris), and trade associations from other industries that are willing to support Big Tobacco's cause. Subsidiary firms offer legislators political cover by allowing them to accept contributions that do not come directly from the tobacco companies, even though tobacco subsidiaries are financially tied to the success of their parent company.

Most lobbyists have working relationships with specific legislators and, in some cases, may have personal ties that give them special access. It is not unusual for tobacco company lobbyists to also lobby on behalf of the trade associations that ally themselves with the tobacco industry. The amount tobacco companies and their allies spend on campaign contributions and

lobbying to promote a specific legislative agenda dwarfs the amount that public interest groups working to oppose the tobacco companies can afford.

This Common Cause Education Fund report seeks to increase public awareness of the tobacco industry's influence in the Massachusetts Legislature by showing the link between industry campaign contributions and lobbying and specific actions that the Legislature has taken on measures that are relevant to tobacco interests.

### **COSTS OF TOBACCO USE IN MASSACHUSETTS**

Smoking costs the state of Massachusetts roughly \$4.3 billion every year in health care expenses and lost productivity. That is equivalent to \$12.52 for every pack of cigarettes sold in the state. Broken down by household, taxpayers in Massachusetts spend \$609 annually to cover smoking-caused health care expenses. In short, tobacco use is draining millions of taxpayer dollars from the state.

According to the U.S. Centers for Disease Control and Prevention (CDC), roughly 86,000, or 26 percent, of high school students smoke in Massachusetts – which exceeds the smoking rate of 20 percent among Massachusetts adults. According to the *American Journal of Public Health*, each year roughly 13,700 minors in Massachusetts become daily smokers. Children under 18 buy or consume more than 16.6 million packs of cigarettes in Massachusetts every year. More than 9,000 adults in Massachusetts who smoke die from a smoking-caused illness every year, and 117,000 minors who now smoke will die prematurely, according to the CDC.

The tobacco industry spends roughly \$11.4 billion on marketing nationwide. The Campaign for Tobacco-Free Kids estimates that tobacco companies spend more than \$252 million annually on promotional advertising in Massachusetts alone. Much of tobacco companies' advertising affects children. In fact, the *Journal of the National Cancer Institute* and *Journal of the American Medical Association* have reported that minors are three times more sensitive to tobacco advertising than adults. Nationwide, the majority of children who smoke prefer the three most heavily advertised brands, while less than half of adults who smoke chose those brands. Clearly, this advertising has hit its intended target.

## **INFLUENCE OF TOBACCO INDUSTRY**

### ***Lobbying Expenditures***

From 1995 through 2002, tobacco interests spent more than \$5.3 million lobbying the Legislature, the Governor and the rest of the Executive Branch. Groups affiliated with the industry, such as the Massachusetts Restaurant Association, Kraft Foods and the liquor industry also have opposed smoking prevention programs and increased taxes on cigarettes. Tobacco allies spent \$1.5 on lobbying state officials during the same period.

Lobbying expenditures by tobacco companies peaked to more than \$1.2 million in 2000, two years after 46 states, including Massachusetts negotiated the Master Settlement Agreement (MSA) with the tobacco industry. Under the MSA, tobacco companies agreed to bear some of the costs of treating people with tobacco-caused illnesses and to restrict certain tobacco marketing practices. The settlement was seen as a way to fund smoking prevention and cessation programs for state residents, and the Massachusetts Legislature in 2000 debated how best to

spend the tobacco settlement money. In 2000, the Legislature also was considering legislation to regulate the amount of nitrosamines in cigars. Lobbying expenditures by tobacco companies dipped in 2001, but rose considerably in 2002 as the Commonwealth struggled with a huge deficit and decided to divert tobacco excise and MSA funds for tobacco prevention and cessation programs to meet other state expenses.

In fact, in the fiscal year 2004 budget, the language from the 1992 ballot question earmarking those funds for smoking cessation programs was repealed, as was similar language in Tobacco Settlement Fund. As this report goes to press, the legislature is considering a bill that would take \$110 million of the \$477 million remaining in the Tobacco Settlement Fund account and allocate it to a job-creation and venture capital fund. This legislation passed the House by a huge margin and a floor amendment to allocate only \$8 million to tobacco prevention was withdrawn from consideration.

#### **TOBACCO INDUSTRY LOBBYING EXPENDITURES, 1995-2002**

<b>Company</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Total</b>
Brown & Williamson	\$1,650	\$21,000	\$84,000	\$88,800	\$90,000	\$767,667	\$90,000	\$100,000	<b>\$1,243,117</b>
Cigar Association of America	\$25,000	\$32,500	\$130,500	\$173,000	\$100,640	\$103,000	\$78,000	\$78,550	<b>\$721,190</b>
Lorillard Tobacco	\$1,649	\$0	\$0	\$0	\$50,000	\$78,000	\$58,156	\$58,000	<b>\$245,805</b>
Philip Morris by Philip Morris Management Corp.	\$209,250	\$223,000	\$217,996	\$224,300	\$206,400	\$183,227	\$203,380	\$270,618	<b>\$1,738,171</b>
R.J. Reynolds Tobacco Company	\$96,650	\$82,000	\$77,800	\$57,000	\$60,646	\$63,539	\$74,924	\$78,449	<b>\$591,008</b>
Smokeless Tobacco Council	\$49,500	\$104,850	\$100,000	\$105,000	\$108,000	\$0	\$0	\$0	<b>\$467,350</b>
Tobacco Institute	\$93,530	\$30,010	\$35,000	\$10,000	\$0	\$0	\$0	\$0	<b>\$168,540</b>
UST Public Affairs	\$0	\$0	\$17,400	\$18,450	\$37,500	\$17,700	\$20,400	\$43,000	<b>\$154,450</b>
<b>Total</b>	<b>\$477,229</b>	<b>\$493,360</b>	<b>\$662,696</b>	<b>\$676,550</b>	<b>\$653,186</b>	<b>\$1,213,133</b>	<b>\$524,860</b>	<b>\$628,617</b>	<b>\$5,329,631</b>

Source: Massachusetts Secretary of State, Lobbyist and Employer Statistics

#### **TOBACCO INDUSTRY ALLIES\* LOBBYING EXPENDITURES**

<b>Company</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Total</b>
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Kraft Foods by Philip Morris Management Corp.	\$60,000	\$60,000	\$60,000	\$89,900	\$89,900	\$84,053	\$49,156	\$51,028	<b>\$544,037</b>
Miller Brewing Co. By Philip Morris Management Corp.	\$60,000	\$60,000	\$60,000	\$61,000	\$61,000	\$43,987	\$91,696	\$92,702	<b>\$530,385</b>
Star Scientific	\$0	\$0	\$0	\$0	\$0	\$6,000	\$10,000	\$0	<b>\$16,000</b>
Cumberland Farms	\$0	\$4,000	\$2,500	\$16,000	\$20,500	\$24,500	\$32,500	\$10,300	<b>\$110,300</b>
Massachusetts Restaurant Association	\$45,025	\$43,042	\$37,500	\$37,500	\$41,500	\$43,000	\$43,000	\$42,333	<b>\$332,900</b>
<b>Total</b>	<b>\$165,025</b>	<b>\$167,042</b>	<b>\$160,000</b>	<b>\$204,400</b>	<b>\$212,900</b>	<b>\$201,540</b>	<b>\$226,352</b>	<b>\$196,363</b>	<b>\$1,533,622</b>

Source: Massachusetts Secretary of State, Lobbyist and Employer Statistics

### *Campaign Contributions*

In Massachusetts, only individuals and political action committees may make campaign contributions, and those contributions are limited to \$500 per individual or political action committee. In addition, registered lobbyists are not permitted to contribute more than \$200 per year to a candidate. Corporations are prohibited by law from giving money directly to elected representatives. As a result, the total amount that the tobacco industry may contribute to elected representatives in Massachusetts may be lower than in some other states. However, the tobacco industry spends a considerable amount on lobbyists in the state, who actively make contributions.

From January 1, 1997 through December 30, 2002, tobacco industry lobbyists and employees contributed \$527,688 to candidates for elected office in Massachusetts. The current members of the House have received \$179,128 from the tobacco industry, and the current members of the state Senate have received \$146,420.

In addition to the tobacco lobbyists, other industries align themselves with tobacco companies to lobby the Massachusetts House and Senate on tobacco-related legislation. These include subsidiaries of the tobacco companies, as well as restaurant and convenience store associations. In many cases, the lobbying firms that represented the tobacco companies also

represented companies from other industries that were lobbying on tobacco-related legislation, such as the clean indoor air law. During the last three election cycles, these groups have contributed an additional \$ 224,786 to candidates running for elected office in Massachusetts.

### **TOBACCO SETTLEMENT FUNDING AND PREVENTION PROGRAMS IN MASSACHUSETTS**

Historically, Massachusetts has been one of the nation's most progressive states in tobacco prevention funding. In 1991, the Massachusetts Coalition for a Healthy Future, led by the Massachusetts Division of the American Cancer Society, launched a campaign to raise the excise taxes on cigarettes sold in the Commonwealth by 25 cents per pack, and to create a Health Protection Fund with this revenue. The campaign resulted in a ballot initiative that was approved by a 54 percent to 46 percent margin in November 1992. Because of the state's constitutional constraints on special appropriations, revenue from the excise tax could not be automatically earmarked for tobacco-prevention programs; instead, it was "subject to appropriation" by the State Legislature. The Legislature eventually instituted the Massachusetts Tobacco Control Program (MTCP) in 1993.

In December 1994, Massachusetts Attorney General Scott Harshbarger (D), along with many other attorneys general, filed suit against the tobacco industry, seeking to recover the costs of Medicaid coverage of tobacco-caused illnesses. The case ultimately produced the Master Settlement Agreement (MSA) – a plan for tobacco companies to bear some of the costs of treating people with tobacco-caused illnesses and to restrict certain tobacco marketing practices. The settlement was also seen as a way to fund smoking prevention and cessation programs for state residents.

Despite the original intent of the lawsuit, much of the settlement money in many states is used for programs unrelated to tobacco use. According to a Yale University study, on a national level “almost none of the tobacco settlement money has been spent for health care or prevention-cessation programs.” The study reported that nationwide less than 6 percent of the money was directed to such programs, ranging from a high of 9 percent spent in 1999 to a low of 4 percent in 2002. Although most states initially committed a substantial portion of future settlement proceeds to health- and education-related programs, many state legislatures have subsequently passed laws to allow the money to be used for other purposes, such as covering budget deficits. According to the *Wall Street Journal*, 21 of the 46 states that originally signed onto the tobacco settlement have used the settlement money to cover budget deficits, including Massachusetts.

The Massachusetts legislature has never funded the MTCP to the level of excise tax revenues; the allocation averaged \$40 million annually during its first three years. Massachusetts collected more than \$270 million in excise taxes during 2002. Nevertheless, the program produced noticeable results. Public awareness of the health risks associated with smoking has increased substantially since it began, and the number of children and adults who smoke and who are exposed to smoke has fallen as a result. Involuntary exposure to secondhand smoke in the workplace and in public forums has also declined. By all measures, tobacco education and prevention programs have proven cost effective.

The state’s funding levels nose-dived in fiscal year 2003. In a single year, tobacco prevention and cessation funding was cut by almost 90 percent through a series of emergency “9c cuts” by Acting Governor Jane Swift. Massachusetts no longer meets the U.S. Centers for Disease Control and Prevention’s (CDC) minimum guidelines for tobacco prevention funding.

From 2002 to 2003, funding of tobacco prevention and cessation programs declined from 136 percent to 14 percent of CDC's minimum guidelines. And, whereas Massachusetts held the Campaign for Tobacco-Free Kids' top ranking for tobacco prevention spending in January 2002, it dropped to number 38 in 2003.

The decline in tobacco prevention funding in Massachusetts has taken place despite large and steady increases in revenues from tobacco excise taxes and from payments made to the state under the MSA. In fact, Massachusetts raised the tobacco tax in 2002—the same year the tobacco control program saw drastic declines in funding. Its combined revenues increased from \$524.5 million in fiscal year 2001 to \$577.4 million in fiscal year 2002, and it is estimated to reach \$747 million in fiscal year 2003. Prevention spending has fluctuated during the same period from \$43.1 million to \$48 million, to the current level of \$2.54 million.

Tobacco prevention spending is currently less than 0.5 percent of the total revenues from the state's settlement and tax income. Many individual programs that were originally part of the state's prevention program have since shut down. The short-term consequences of these cuts include a tripling of illegal tobacco sales to minors in communities that lost funding, according to a study by the Massachusetts Association of Health Boards.

In January 2003, the American Lung Association (ALA) graded the states that were part of the 1998 lawsuit on, among other things, their use of the settlement money. The ratings were based on four criteria believed to affect smoking rates:

- Funding for tobacco-control programs
- The amount of taxes charged on cigarettes
- Regulations to provide citizens with smoke-free air
- Restrictions on youth access to cigarettes

Massachusetts received a grade of “F” in the areas of smoke-free air and tobacco prevention and control spending. It received a grade of “C” in youth access to cigarettes. The grade in smoke-free air refers to the weak statewide control laws (local smoke-free ordinances have been successful in the state). The failure in prevention funding is a reflection of recent cuts by the Legislature and the former governor.

As the economy continues its slowdown and state tax revenues persistently fall short of budget targets, the Massachusetts Legislature has looked to the tobacco excise revenues and the MSA payments as a source of general expenditure funding. In addition to the perennial tobacco prevention funding issue, the Massachusetts Legislature currently has before it a bill proposing to eliminate exposure to smoke in all workplaces statewide. Current state law is fairly weak in comparison with other states, limiting smoking to specially designated areas and barring it from certain public venues such as courthouses and schools. Efforts to ban smoking in all workplaces have advanced primarily at the local level, with 78 cities and towns, including Boston, prohibiting smoking in all workplaces, including bars and restaurants.

## **SUMMARY**

As the Massachusetts legislature looks to tobacco revenues to meet budgetary shortfalls, the promise of the hard-won 1992 ballot initiative continues to erode. Although Massachusetts has the second highest cigarette excise tax in the nation, and roughly \$300 million a year from tobacco settlement funds that clearly were intended to combat tobacco use and to provide treatment services, funds have been and continue to be diverted to uses that are entirely unrelated to tobacco prevention. From its lofty position as first in the nation in tobacco prevention

funding, Massachusetts has fallen precipitously. Tobacco prevention funding in the current budget is nominal. In this climate, Massachusetts's voters need to be aware of the money spent by the tobacco industry and affiliated interests on lobbying and on campaign contributions, which seek to influence the outcome of these legislative deliberations.

**TOTAL CAMPAIGN CONTRIBUTIONS FROM TOBACCO COMPANIES,  
THEIR SUBSIDIARIES AND ALLIES \*TO  
CANDIDATES FOR MASSACHUSETTS ELECTIVE OFFICE, 1997-2002**

<b>Tobacco Industry Lobbyists</b>				
<b>Donor</b>	<b>1998</b>	<b>2000</b>	<b>2002</b>	<b>Total</b>
Beacon Strategies	6,350	11,150	8,605	<b>26,105</b>
Brennan Group	13,010	22,525	33,745	<b>69,280</b>
Cassidy & Associates	11,355	9,800	18,220	<b>39,375</b>
Coyne & Assoc	8,900	14,950	14,575	<b>38,425</b>
Delaney & Associates	25,400	27,245	28,128	<b>80,773</b>
Donoghue Barrett & Singal	17,850	20,375	29,950	<b>68,175</b>
Eid, Cynthia A	100	1,200	650	<b>1,950</b>
Ferriter, Scobbo & Rodophele	9,625	15,925	14,820	<b>40,370</b>
Hill & Barlow	125	100	1,450	<b>1,675</b>
Malloy Delaney Group	13,025	17,025	13,000	<b>43,050</b>
Mccarthy, Joanne		900	750	<b>1,650</b>
Mccormack & Epstein	1,900	2,650	4,150	<b>8,700</b>
Quinn & Morris	20,175	27,175	49,910	<b>97,260</b>
Walsh, John Coleman	1,440	4,460	5,000	<b>10,900</b>
<b>Total</b>	<b>129,255</b>	<b>175,480</b>	<b>222,953</b>	<b>527,688</b>

<b>Tobacco Industry Allies</b>				
<b>Donor</b>	<b>1998</b>	<b>2000</b>	<b>2002</b>	<b>Total</b>
Chayet, Neil	5,925	3,700	10,150	<b>19,775</b>
Choate, Hall & Stewart	66,880	29,735	63,971	<b>160,586</b>
Massachusetts Restaurant Assoc	2,000	3,600	13,500	<b>19,100</b>
New England Convenience Store Assoc/Necsa Pac	5,050	5,450	4,275	<b>14,775</b>
Public Policy Systems	2,450	4,200	3,900	<b>10,550</b>
<b>Total</b>	<b>82,305</b>	<b>46,685</b>	<b>95,796</b>	<b>224,786</b>

Source: National Institute on Money in State Politics.

\* The legislative interests of these companies are not limited to tobacco issues.